SABADELL INTERNATIONAL EQUITY, LTD

Independent Auditor's Report at 31 December 2013 pwc

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sabadell International Equity, Ltd.

Auditor's Report for the Financial Statements

We have audited the accompanying financial statements of Sabadell International Equity, Ltd., which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sabadell International Equity, Ltd. as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Auditores, S.L.

Fco. Javier Astiz Fernández
Partner

20 February 2014

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TIMBRE DEL ESTADO

0,03 EUROS

TRES CÉNTIMOS DE EURO

CLASE 8.ª

0L1254990

SABADELL INTERNATIONAL EQUITY LTD.

FINANCIAL STATEMENTS

December 31, 2013

SABADELL INTERNATIONAL EQUITY LTD.

STATEMENT OF FINANCIAL POSITION

(Expressed in Euros)

	December 31, 2013	December 31, 2012
ASSETS		
Cash at bank (Note 4)	121,538	109,384
Certificates of deposit (Note 4)	21,432,000	21,432,000
Total assets	**21,553,538 €**	**21,541,384 €**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Accounts payable and accrued liabilities	4,000	12,770
Series A preference shares (Note 3)	21,432,000	21,432,000
Total liabilities	21,436,000	21,444,770
Shareholder's equity		
Share capital (Note 5)	857	857
Retained earnings	116,681	95,757
Total shareholder's equity	117,538	96,614
Total liabilities and shareholder's equity	**21,553,538 €**	**21,541,384 €**

SABADELL INTERNATIONAL EQUITY LTD.

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Euros)

	December 31, 2013	December 31, 2012
Revenues		
Interest income (Note 4)	407,637	1,019,708
Total revenues	**407,637 €**	**1,019,708 €**
Expenses		
Preference share dividends (Note 3)	360,915	979,631
Audit fees	4,000	14,382
Other general and administrative expenses	21,798	23,341
Total expenses	**386,713**	**1,017,354**
Net income	**20,924**	**2,354**
Other comprehensive income	-	-
Total comprehensive income for the year	**20,924 €**	**2,354 €**

SABADELL INTERNATIONAL EQUITY LTD.

STATEMENT OF CHANGES IN EQUITY

(Expressed in Euros)

	Share capital	Retained earnings	Total
Balance at December 31, 2011	857	93,403	94,260
Total comprehensive income for the year	-	2,354	2,354
Balance at December 31, 2012	857	95,757	96,614
Total comprehensive income for the year	-	20,924	20,924
Balance at December 31, 2013	**857 €**	**116,681 €**	**117,538 €**

SABADELL INTERNATIONAL EQUITY LTD.

STATEMENT OF CASH FLOWS

(Expressed in Euros)

	December 31 2013	December 31, 2012
Cash flows from operating activities		
Net income	20,924	2,354
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Decrease in interest receivable	-	2,845,000
Decrease in preference dividends payable	-	(2,815,000)
Increase in accounts payable and accrued liabilities	(8,770)	18
Net cash provided by operating activities	12,154	32,372
Cash flows used in investing activities		
Repayment of Certificates of deposit	0	228,568,000
Net cash provided by in investing activities`	0	228,568,000
Cash flows from financing activities		
Repayment of Series A preference shares	0	(228,568,000)
Net cash used in financing activities	0	(228,568,000)
Net increase in cash and cash equivalents during the year	12,154	32,372
Cash and cash equivalents beginning of year	109,384	77,012
Cash and cash equivalents end of year	121,538	109,384

Net cash used in operating activities includes:

Preference shares dividends paid	360,915 €	3,794,631 €
Interest received	407,637 €	3,864,708 €

1. Incorporation and activity

Sabadell International Equity Ltd. (the "Company") was incorporated as an exempted company under the laws of the Cayman Islands on May 26, 1998. The registered office of the Company is P.O. Box 309, Ugland House, George Town, Grand Cayman. The Company, a wholly owned subsidiary of Banco de Sabadell, S.A. a financial institution incorporated in Spain (the "Parent"), was established to issue Preference Shares, the proceeds of which would be placed with the Parent and used for general funding purposes. The Company has no employees.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying these accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Changes in accounting policy and disclosures

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015.

IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread

The new standard has not had a significant impact on the Company's financial.

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2. Summary of significant accounting policies (continued)

Changes in accounting policy and disclosures

The IAS 32, 'Financial instruments: Presentation' amendments clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. In connection therewith, IFRS 7, 'Financial instruments: Disclosures' amendments were also issued. These new IFRS 7 disclosures are intended to facilitate comparison between IFRS and US GAAP preparers. The converged offsetting disclosures in IFRS 7 are to be retrospectively applied, with an effective date of annual periods beginning on or after January 1, 2013. The IAS 32 changes are retrospectively applied, with an effective date of annual periods beginning on or after January 1, 2014. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements. The disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The new amendments have not had or are not expective to have (depending the aplication dates) any impact on the Company's financial position or performance.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to has a material impact on the Company.

Foreign currency translation

As a wholly owned subsidiary of the Parent, the financial statements of the Company have been presented in Euros. Consequently, Euro is the Company's presentational and functional currency as the majority of the Company's transactions are with the Company's Parent and are denominated in Euros. Transactions denominated in a foreign currency are translated at rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Any resulting exchange gain or loss is recorded in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents consist solely of cash balances on deposit with Banco de Sabadell S.A.

Income and expenses

Interest income and preference shares dividends are recognised in the statement of comprehensive income using the effective interest rate method.

Certificates of deposit

Certificates of deposit represent term cash deposits held with the Parent. These instruments were previously classified as held-to-maturity and stated at amortized cost. Management believe there is no material difference between the fair value and amortised cost of the remaining certificates of deposit due to their short term maturity (See Note 4).

Expenses

All expenses are recognised in the statement of comprehensive income on the accrual basis.

2. Summary of significant accounting policies (continued)

Preference shares

Preference shares, which carry a non-discretionary mandatory coupon, are classified as financial liabilities. The dividends on the shares are recognized in the statement of comprehensive income as an expense using the effective interest rate method.

Taxation

The Cayman Islands does not currently levy taxes on income, profit, capital or capital gains and the Company has been granted an exemption until July 7, 2018 on any such taxes which might be introduced. The Company intends to conduct its affairs so as not to be liable to taxation in any other jurisdiction. Accordingly, no provision for taxes has been made in these financial statements. Depending upon the tax status of the Company's shareholder, the tax effect of the Company's activities may accrue to the shareholder.

3. Series A Euro Preference shares

On March 30, 1999, the Company issued 500,000, Series A Non-Cumulative Guaranteed Non Voting Euro Preference Shares ("Series A Euro Preference Shares"), with a nominal value of €500 per share, in accordance with the terms and conditions set out in the Articles of Association of the Company and the Prospectus related to the issue of the Series A Euro Preference Shares.

The dividend payment dates are set at March 31, June 30, September 30 and December 31 in each year or the next Business Day (as defined in the Articles of Association of the Company) should any such date not fall on a Business Day.

The dividend rate is usually set at European Inter-Company Offering Rate (EURIBOR) plus 0.20 percent per annum. On March 24, 2009, a director's resolution was passed where a floor rate of 4.5% p.a. was set on preference share dividends for the period April 1, 2009 to March 31, 2011. On February 21, 2011 a director's resolution was passed to extend the floor rate of 4.5% through to March 31, 2013. As of today this floor has not been extended by the Company's Board of Directors..

The payment of accrued but unpaid dividends (whether or not declared) and payments on liquidation of the Company or redemption of the Series A Euro Preference Shares are guaranteed by the Parent subject to certain terms and conditions set out in the guarantee executed by the Parent and in the offering particulars.

The Series A Euro Preference Shares are redeemable in whole or in part at the option of the Company subject to prior consent of the Bank of Spain at any moment after 5 years from the Issue Date upon not less than 30 nor more than 60 days notice to the holders thereof (which notice shall be irrevocable). Holders of Series A Euro Preference Shares have no rights of redemption.

On January 30, 2012 the Company's Board of Directors approved and ratified the Repurchase Offer of 456,285 SIE Preference Shares for an aggregate purchase price of €228,142,500 accomplished by Banco Sabadell, S.A on a Public Tender Offer effective January 3, 2012 resulting in a corresponding reduction in certificates of deposit.

On December 28, 2012, the Company's Board of Directors approved and ratified the Repurchase Offer of 851 SIE Preference Shares for an aggregate purchase price of €425,500 accomplished by Banco Sabadell, S.A through 2012., resulting in a corresponding reduction in certificates of deposit.

These preference shares are listed in SED (AIAF) and its price as of December 31,2013 was at 54%. As December 31,2012 its price was 39%.

4. Related party transactions, significant agreements and transactions with affiliates

All cash accounts and certificates of deposit are held with the Parent. The cash accounts are held on normal commercial terms and conditions. The subordinated certificates of deposit have an equivalent carrying value to the fully paid value of the Series A Euro Preference Shares and are due to mature on March 31, 2014 (2012: March 31, 2013). Interest was paid at 4,70% per p.a. for the period January 1, 2013 to March 31, 2013; 1% per p.a. for the period May 1, 2013 to June 31, 2013; 0.80% per p.a. for the period July 1, 2013 to September 31, 2013 and 1,10% per p.a for period October 1,2013 to December 31, 2013 (4,55% per p.a for period January 1, 2012 to March 30, 2012 and 4.70% per p.a for period April 1, 2012 to December 31, 2012). Payment dates are in line with the dividend payment dates of the Series A Euro Preference Shares. The certificates of deposit are subordinated liabilities of the Parent subject to the terms and conditions of the deposit agreement between the Company and Banco de Sabadell S.A.

In January and December 2012, due to the repurchase of the Preferred Shares Series A (Note 3), deposit was redeemed early by the same amount of the repurchase, leaving an outstanding balance of 21,432,000 euros.

The Series A Euro Preference Shares that are owned by the Parent amount to €2,639,500 (2012: 0 €).

5. Share capital

The Company's authorised capital consists of 50,000 ordinary shares of US$1 each, of which 1,000 ordinary shares have been issued, fully paid and outstanding at December 31, 2013 (2012: 1,000 shares) with a value of €857 (2012: €857). The Company's authorised capital also consists of 500,000, Series A Non-Cumulative Guaranteed Non Voting Euro Preference Shares ("Series A Euro Preference Shares"), with a nominal value of €500 per share. The preference shares have been presented as financial liabilities on the balance sheet.

6. Financial instruments and associated risks

The following describes the nature and extent of the risks associated with the financial instruments outstanding at the balance sheet date.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices, as relevant. As discussed below, the Company's assets and liabilities are primarily exposed to cash flow interest rate risk fluctuations, though the Company's risk is minimal due to the netting effect of interest on assets and liabilities. The foreign exchange risk is negligent as only certain service provider fees are paid in currency other than the functional currency.

Credit risk

Credit risk is the risk of counterparty default. The Company is exposed to the credit risk of the counterparties with which it deals. Financial assets which expose the Company to a concentration of credit risk consist of cash accounts and certificates of deposit. The Company places all funds, including certificates of deposits, with the Parent company (refer to Note 4), whose long term ratings are Ba1 by Moody's Investors Service España, S.A ,BB by ,Standard & Poor's Credit Market Services Europe Limited, A (low) by DBRS Ratings Limited. All theses ratings have a negative outlook.

6. Financial instruments and associated risks (continued)

Interest rate risk

The Company is not exposed to significant interest rate risk as the Company's Parent is able to adjust the rates on its certificates of deposit to match the dividend rates on the Series A Euro Preference Shares (refer to Note 3 and Note 4). The Company's interest rate related cash inflows and outflows are nearly perfectly matched and as such do not result in any significant interest rate risk. Accordingly, no interest rate sensitivity analysis has been presented.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal circumstances. The Company seeks to minimize liquidity risk and volatility by using the passive strategy of buying certificates of deposit and holding these until maturity of its liability instruments. The intention is not to engage in active trading for better returns, but to invest in Parent company's certificates of deposit with maturities or durations that match the Company's sources of funding. As the Company's cash inflows and outflows are occurring on a back-to-back basis, the Company does not expect to be exposed to liquidity risk. The assets and liabilities are either callable on demand or have original maturities of three months or less.

Fair values

At December 31, 2013, the carrying amounts of the Company's financial assets and liabilities approximated their fair value due to the presumed short term maturity and relatively small fixed margin component of its interest rates.

7. Subsequent events

There are no subsequent events to report.

TIMBRE DEL ESTADO

0,03 EUROS

TRES CÉNTIMOS DE EURO

0L1254995

CLASE 8.ª

Sabadell International Equity Ltd

MANAGEMENT REPORT CORRESPONDING TO FINANCIAL YEAR ENDING 31 DECEMBER 2013

During the year 2013, the Company Sabadell International Equity, Ltd., has carried out no issues of Preference Shares.

The only issue in force that the company has carried out is guaranteed by its sole shareholder, BANCO DE SABADELL, S.A.

a) Profit and Loss Account

The Result for the year 2013 returned earnings of 20,924 euros.
The company's financial revenue during the year totalled 407,637 euros. Financial expenses have been calculated at 360,915 euros.
General expenses totalled 21,798 euros.
Due to the nature of its activity, the company does not incur environment-related expenditure.
Nor does the Company incur staff-related expenditure since it has no workforce. The Company is managed by external personnel from the company Maples & Calder.

Distribution of Earnings

The positive result of 20,924 euros will be assigned to Company reserves.

c) Treasury shares and parent company shares

During the year 2013, the Company has carried out no acquisitions or disposals of its own shares or of those of its parent company, Banco de Sabadell, S.A.

d) Research and Development

During this year, the company did not incur any expenditure on Research and Development.

e) Significant events occurring subsequent to the year's close

Subsequent to 31 December 2013, there have been no significant events.

f) Outlook for the year 2014

In the year 2014, the Company will maintain its corporate purpose and the company's activities are forecast to evolve in a similar way to that in which they developed in 2013.

c) Approval by the Board of Directors

Company Management Report corresponding to the year 2013, drawn up by the Board of Directors of Sabadell International Equity, Ltd., at its meeting held on 10 February 2014.

Mr. Sergio Palavecino Tomé, in his capacity as Director of the company Sabadell International Equity Ltd., and in representation of the Company's Board of Directors, is the signatory of this Management Report.

Sergio Palavecino Tomé
Director

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10 de Febrero de 2014

Sabadell International Equity Ltd

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

Mr. Sergio Palavecino Tomé, in his capacity as Director of the Company Sabadell International Equity, Ltd., and in representation of the Board of Directors of the aforementioned company, states that, to the best of his knowledge, the Annual Accounts corresponding to the year 2013, drawn up at the Board meeting held on 10 Febrero 2014 and prepared in accordance with the applicable accounting principles, offer a true and fair view of the assets, financial situation and results of Sabadell International Equity, Ltd., and that the management report includes an accurate analysis of the evolution, business results and position of Sabadell International Equity, Ltd., together with a description of the main risks and uncertainties faced.

Sergio Palavecino Tomé
Director

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10 de Febrero de 2014